## REMARKS/ARGUMENTS

Prior to this amendment, claims 1-17 and 19-21 were pending. In this amendment, no claims are added, amended, or canceled. No new matter is added. Thus after entry of this amendment, claims 1-17 and 19-21 remain pending.

### I. Claim Rejections – 35 USC § 103(a), Knudtzon, McClendon, Beams

Claims 1-4, 8-11, 15-17, and 21 are rejected under 35 U.S.C. §103(a) as being unpatentable over *Knudtzon* (U.S. Patent No. 7,120,597) in view of *McClendon* (U.S. Publication No. 2003/0046194), and further in view of *Beams* (Beams, Floyd A. – Advanced Accounting, 1992, 5$^{th}$ Edition). This rejection is traversed.

### A. Combination alters the principle of operation of the primary reference

In the response filed on October 14, 2009, applicants set forth the argument that the combination of the references as proposed by the Office is improper. In the Final Office Action response to arguments section, the Office alleges that sufficient rational has been provided to support the combination of the references. (Final Office Action, Pg. 7). Applicants do not agree that sufficient rational has been presented, however this is not relevant. The Applicant is not arguing that the Office has set forth insufficient rational for the combination, but rather when the references are combined as proposed by the Office, the principle mode of operation of the primary reference is altered. As noted in MPEP 2143.01(VI), "If the proposed modification or combination of the prior art would change the principle of operation of the prior art invention being modified, then the teachings of the references are not sufficient to render the claims *prima facie* obvious. *In re Ratti*, 270 F.2d 810, 123 USPQ 349 (CCPA 1959)." In essence, even if there was motivation to combine the references, a *prima facie* case of obviousness cannot be made if the combination alters the principle of operation of the primary reference. The Office has not responded to the Applicants' assertion that the proposed combination alters the principle of operation of the primary reference. For the convenience of the Office, the arguments from the

previous response describing why the principle of operation of the primary reference is altered is repeated below.

Even if the Office Action's interpretation of *McClendon*, for the sake of argument, describes "*a post module configured to, in response to receiving a selection from a user indicating acceptance of the proforma ledger balances, post the at least one accounting adjustment entry and the accounting pending journal to the accounting consolidation ledger,*" a combination of *McClendon* with *Knudtzon* would result in *Knudtzon* becoming inoperative for its intended use, and would thus alter the principle of operation of the primary reference.

*Knudtzon* describes an overlay system which allows service providers to enter adjustment data which is combined with data that has already been entered into a general ledger. (Column 7, lines 19-35). The overlay systems combines overlay adjustment data with the overlay general ledger to obtain adjusted overlay general ledger data, which can be filtered, sorted and/or formatted by the overlay report system to obtain overlay reports. (Column 7, lines 56-61). The overlay system allows for the overlay adjustment data that was entered by the user to be stored in an overlay adjustment journal for later use. (Column 8, lines 58-61).

*Knudtzon* discloses a separate overlay system, wherein modifications to the overlay data are isolated from the main system. If adjustment entries from the overlay system are posted to the main system, it alters principle of operation of *Knudtzon,* wherein data in the overlay system is maintained separately from data in the main system.

Withdrawal of the rejection of claims 1-4, 8-11, 15-17, and 21 is respectfully requested for at least the reasons set forth above.

**B. <u>Each and every limitation is not taught or suggested</u>**

Each and every limitation of claim 1 is not taught or suggested by the cited references, alone or in combination.

**Claim 1**

Each and every limitation of claim 1 is not taught or suggested by the cited references, alone or in combination. For example, claim 1 recites in part:

> a post module configured to, in response to receiving a selection from a user indicating acceptance of the proforma ledger balances, post the at least one accounting adjustment entry and the accounting pending journal to the accounting consolidation ledger

(*emphasis added)*. As admitted by the Office Action, such a limitation is not disclosed by *Knudtzon*. (Final Office Action Pg. 4). In the response to arguments section of the Final Office Action, the Office asserts that *Knudtzon* teaches trial balance software. (Final Office Action, Pg. 7). The Office acknowledges that adjustment journal entries in trial balance software are permanent and can only be removed with reversal entries. (Id.). The Office Action asserts that *Knudtzon,* col. 3, lines 7-17 teaches reviewing a balance. However, *Knudtzon* col. 3, lines 7-17 teaches reviewing a balance in the trial balance software after the adjustment journal has been posted. As acknowledged by the Office, trial balance software requires reversal entries to undo adjustment journal entries. A proforma ledger balance as claimed is not based on posted adjustments, but rather is a ledger balance that would result if the adjustment was posted, but does not actually post the adjustment. As such, this resolves the need for reversal entries as a resultant ledger balance can be determined without having to post the adjustment entries..

The Final Office Action also alleges that *McClendon* teaches viewing account entries and making corrections or modifications before the postings are made to the budget and accounting files. (Final Office Action Pg. 7). However, even if this is true, this still only describes reviewing account entries. This does not teach or suggest reviewing proforma ledger balances. A balance is not the same thing as an account entry. A balance may be the aggregation of many entries, including adjustment entries (i.e. a balance is calculated). An accounting entry may include a debit and corresponding credit in a ledger. (i.e. an entry is input, not calculated).

The Office Action alleges the above limitation is disclosed by *McClendon*, paragraphs 34, 41, and 42. *McClendon* describes reviewing accounting lines prior to posting the lines to a ledger, not posting adjustments to a ledger in response to receiving a selection from a user

indicating acceptance of the proforma ledger balances. The cited sections of *McClendon* are reproduced below.

> **[0034]** The creation of posting lines not only enables a universal source of information for updates and for the creation or recreation of budget and accounting files within the system, but also allows users to view accounting entries online, and to make corrections or modifications before postings are made to the budget and accounting files.
>
> **[0041]** Operation **170** is an optional operation. At operation **170**, after the posting lines are created, a user may go, for example, to a posting line tab of a document previously processed to review the generated posting lines to ensure that the correct postings were generated. The user has the choice of viewing the posting lines in a number of different ways. One posting line viewing method allows for viewing by a certain commodity or a view showing an aggregate of posting lines at a higher level than the accounting line. An alternate posting line viewing method allows for the viewing of all generated posting lines for a document. A further viewing method allows for the viewing of error messages resulting from the attempt to generate particular posting lines.
>
> **[0042]** Advantageously, the viewing of the posting lines may be performed before the posting lines are posted into budgets and accounting files. Further, the accounting transactions which were used in the creation of the posting lines may be reviewed, modified, and edited in order to correct the incorrect accounting transaction entries on the accounting line. In addition, accounting transaction amounts may be modified by a user without knowledge of what the original or previous transaction entries were, i.e., accounting transaction amounts may be modified without the need for the user to refer back to original or previous accounting transaction amounts. The posting lines themselves may also be modified and edited either online or offline in order to correct the error messages.

Nowhere in the cited portions of *McClendon* is a ledger balance, let alone a proforma ledger balance disclosed or suggested. The entirety of *McClendon* has been reviewed, and it is unclear where a ledger balance of any type is disclosed or suggested. *McClendon* discloses or suggests a user reviewing posting lines, not ledger balances.

The Office Action does not allege that such a limitation is taught or suggested by *Beams*. As such, none of the cited references individually teach or suggest such a limitation. Even in combination, such a limitation would not be taught or suggested. The combination of the references would not inherently result in posting the accounting adjustment journal after reviewing the ledger balances, because the accounting adjustment journals could simply be posted upon creation, without any review. As such a limitation is not taught or suggested by the references individually, and the combination of the references does not inherently result in such a limitation, the Office Action has failed to make a *prima facie* case of obviousness.

Withdrawal of the rejection of claim 1 and the claims which depend therefrom is respectfully requested. Furthermore, claims 16 and 21 contain limitations that are likewise not obvious for at least some of the reasons as set forth with respect to claim 1. Withdrawal of the rejection of claims 16 and 21, and the claims which depend therefrom, is respectfully requested.

**Claim 8**

Each and every limitation of claim 8 is not taught or suggested by the cited references, alone or in combination. For example, claim 8 recites in part:

> displaying an accounting consolidation ledger balance, the accounting consolidation ledger balance indicating a ledger balance for each account code after consolidation;
>
> displaying a proforma accounting consolidation ledger balance, the proforma accounting consolidation ledger balance obtained by applying the at least one consolidated accounting adjustment entry to the ledger balances of corresponding account codes of the consolidation ledger balance

The Final Office Action does not address these limitations specifically, but rather only addresses them generally (Final Office Action, Pg. 5). As stated in MPEP 2143.03, "All words in a claim must be considered in judging the patentability of that claim against the prior art." *In re Wilson*, 424 F.2d 1382, 1385, 165 USPQ 494, 496 (CCPA 1970). In the interests of advancing prosecution, applicants will address the substance of the rejection, despite the fact the Office does not present a rejection that addresses all words in the claims.

The Final Office Action admits such a limitation is not disclosed in *Knudtzon*. (Final Office Action, Pg. 5). The Final Office Action alleges these limitations are disclosed by *Beams*, Pg. 123. It should be noted that *Beams* appears to be an accounting textbook, and as such does not describe any particular system, but rather discusses general accounting principles. More directly, claim 8 generally claims 1. displaying a ledger balance for each account code and 2. displaying a proforma ledger balance, after applying an adjustment entry, for each account code. To aid in the Office's understanding, Figs. 10(a-b) graphically display these claim limitations. Applicants are not attempting to import limitations from the Figs. into the claims, but are merely pointing to the drawings for aiding in understanding the claims. As is clear from the claim limitations, for each account code, a ledger balance and a proforma ledger balance is displayed.

*Beams* does not disclose or suggest such limitations. Although *Beams* may describe balances and adjustments, *Beams* does not display balances both before and after an adjustment is applied. For example, *Beams* page 123 lists an adjustment of 18,500 from income from Snap. However, it is unclear from *Beams* what the resultant balances would be if the adjustment was not made. As such, *Beams* does not teach or suggest displaying both a ledger balance and a proforma ledger balance.

The Final Office Action has not alleged such limitations are taught or suggested in *Knudtzon* or *McClendon*. The Final Office Action has not alleged that the combination of the references would result in such a limitation. As such, the Final Office Action has failed to make a *prima facie* case of obviousness with respect to claim 8. Withdrawal of the rejection of claim 8, and the claims which depend therefrom is respectfully requested. Claim 15 contains limitations that are likewise not taught or suggested by the cited references for reasons including at least those set forth above. Withdrawal of the rejection of claim 15, and the claims which depend therefrom is respectfully requested.

## II. Claim Rejections – 35 USC § 103(a), Knudtzon, McClendon, Beams, AAPA

Claims 5-7,12-14, and 19-20 are rejected under 35 U.S.C. 103(a) as being unpatentable over *Knudtzon* in view of *McClendon* and in view of *Beams* as applied to claims 1-4, 8-11, 15-

17, and 21 above, and in further in view of Applicant Admitted Prior Art (AAPA). This rejection is traversed. Claims 5-7, 12-14, and 19-20 are allowable by virtue of their dependence from their respective corresponding independent claims, as discussed above.

## CONCLUSION

In view of the foregoing, Applicants believe all claims now pending in this Application are in condition for allowance and an action to that end is respectfully requested.

Further, the Commissioner is hereby authorized to charge any additional fees or credit any overpayment in connection with this paper to Deposit Account No. 20-1430.

If the Examiner believes a telephone conference would expedite prosecution of this application, please telephone the undersigned at 415-576-0200.

Respectfully submitted,

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